



Board of Education

# San Diego Unified School District

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AUDIT AND FINANCE COMMITTEE  
Education Center Conference Room 2249  
October 10, 2007  
MINUTES

Members Present: McAllister, Nakamura, Stein, Wright  
Members Absent: Jackson  
Staff Present: Kowba, Leighton, McRobbie, Mohnney, Niehaus, Palkowitz, Phillpott

Meeting called to order	Chair McAllister called the meeting to order at 3:10 PM.
Approval of Minutes – 9/7/07	<p>Wright initiated a discussion about the content of the minutes. He suggested that the minutes need to capture action items as well as describe in general the discussion of agenda items.</p> <p><b>Action:</b> Minutes of 9/7/07 were amended to include under Item 3. “Extensive discussion of the district financial accountability for Charter Schools and reporting to the public should be included in the budget book.”</p> <p>Minutes were unanimously approved as amended by members present.</p>
2. Supplemental Early Retirement Plan (SERP) Update (Kowba)	<p>Palkowitz gave an update on the district’s SERP compliance. The draft OIG report is released and we are responding. The district retained outside private counsel (for a fee of \$25,000) to resolve outstanding issues. The district has received the audit findings report from the Office of Inspector General (OIG), whereby they have concluded the district failed to comply with the requirement of obtaining prior approval from the U.S. Department of Education. The report concludes the district’s charges totaling \$1.9 million to federal programs should be disallowed. SDUSD contends prior approval was not required and the charges to federal programs were reasonable. The response is due to OIG October 15, 2007. A final report is due in November to the district and there is six months to respond to decisions.</p> <p><b>Action:</b> Copies of material provided by Mr. David Page were distributed to Members of the Committee for further review.</p> <p>Kowba will email a timeline for the resolution of the SERP Title I transfer issues between the district and the Federal Government to the Committee member. <i>Kowba stated it could take up to six months to resolve this matter with the Inspector General.</i> Kowba will provide an update on this issue at the next Audit &amp; Finance Committee meeting.</p> <p>Board Member Nakamura requested that Kowba consult with district counsel in regard to the liability of the SERP consultants particularly to determine if there is any recourse to recover a portion of the legal fees expended by the district in this matter.</p>

3. National Science Foundation Update (Kowba)	Palkowitz reported the NSF audit had been referred to a different US Attorney and they are researching documents back to 2002-2003. Process is difficult as many district employees who worked on this grant have retired or moved on. The district is providing information as requested. <i>(No action)</i>
4. California Department of Education (CDE) Cafeteria Fund Update (Kowba)	<p>After an Administrative Review (audit), the CDE issued a finding that the Cafeteria Fund received \$956,489 previously directed to the district general fund from Coca-Cola commission receipts. Other District allocations will be reduced to enable this reimbursement to the Food Service Fund. There was discussion surrounding vending machines in middle schools and high schools and giving students healthier choices.</p> <p><b>Action:</b> McAllister recommended that the district conduct cash handling training sessions for all district employees who handle cash receipts. The County of San Diego requires that their employees attend these sessions. McAllister will provide information on the training to Kowba.</p>
5. GASB 45 Update (Kowba)	<b>Action:</b> Stein requested that a footnote be added by the district to the actuary report stating that the district has the means to cover its liability for the actual expenditures that are anticipated.
6. External Audit 2006-2007 Update (Kowba)	<p>Kowba stated we will probably see more Findings this year as it is the final audit with the current firm. It is anticipated completion will be the end of November. Exit meeting will be set at that time.</p> <p><i>(No action)</i></p>
7. User Friendly Budget Update (Kowba)	<p>Kowba reported he had met with Nakamura to review a concept book. The district is hiring a technical writer to prepare our concept book using the latest desktop publishing software technology similar to San Diego County's Operational Plan. Kowba will bring the Board of Education up to speed at the Board Workshop on October 22 and 23.</p> <p><i>(No action)</i></p>
8. Calendar of Meeting Dates 2008 (Phillpott)	<b>Action:</b> The next Committee meeting will be scheduled for <u>Wednesday, December 5, 2007</u> . Phillpott and Mohny will review possible 2008 meeting dates with the members of the Committee and bring a recommended schedule to the December 5 <sup>th</sup> meeting.
9. Roundtable	<p>Niehaus will bring detailed Internal Audit Reports Findings to meeting in Spring 2008.</p> <p>Phillpott will seek a Legal Opinion regarding under what circumstances can or could this committee conduct Closed Session regarding personnel issues and report back at next meeting.</p> <p>McRobbie – the district's first Ethics training workshop will be held October 16.</p>

Meeting adjourned at 4:50 p.m.